

# BAJAJ FINANCE LIMITED

9 November 2020

<b>THE MANAGER, BSE LIMITED DCS - CRD PHIROZE JEEJEEBHOY TOWERS DALAL STREET, MUMBAI - 400 001</b>	<b>THE MANAGER, LISTING DEPARTMENT NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, C-1. BLOCK G, BANDRA - KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400 051</b>
<b>SCRIP CODE:500034</b>	<b>SCRIP CODE: BAJFINANCE – EQ</b>

Dear Sir/Madam,

**Sub: Submission of half-yearly communication sent to shareholders**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of communication letter for the half year ended 30 September 2020 as circulated to the members through electronic mode today.

The same is also placed on the website on the Company's website at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>

Kindly take the same on record.

Thanking you,

Yours sincerely,

For **BAJAJ FINANCE LIMITED**

**R. VIJAY**  
**COMPANY SECRETARY**  
Email ID: [investor.service@bajajfinserv.in](mailto:investor.service@bajajfinserv.in)

Encl.: As above

**HALF YEARLY REPORT 2020-21**

**BAJAJ FINANCE LIMITED**





## Dear Shareholder,

This is my first letter to you as Chairman of your Company, a position that I assumed on 1 August 2020. I am truly proud of how well Bajaj Finance Ltd. (BFL) has fared over the last 33 years since its inception.

I must place on record, my acknowledgment and appreciation for the invaluable leadership of Shri Rahul Bajaj, our previous Chairman, in whose tenure your Company has risen to be one of the leading NBFCs in India, and a member of the Nifty50 index. I am pleased to inform you that he has consented to continue as a non-executive director of your Company.

The last six months have been the most challenging in recent memory for society, individuals and corporates alike. To prevent spread of COVID-19, the Government of India, on 25 March 2020 announced a nationwide lockdown. The stoppage

of economic activity due to nationwide lockdown led to GDP contracting by 23.9% in Q1 FY21. To soften the impact on borrowers, RBI initially announced a moratorium on repayment of loans till 31 May 2020 and further extended it till 31 August 2020. The Government of India announced a series of stimulus measures to kick start the economy again. RBI also stepped in with monetary policy actions and provided confidence to financial markets.

As the country opens gradually, the economic activity has started gaining momentum in Q2 FY21 as evidenced by various high frequency indicators. I am cautiously optimistic about second half of the year.

Under these testing times, your Company has focused on managing risk with a calibrated approach to growth while maintaining strong liquidity, preserving capital, reducing operating expenses, augmenting collection capacity, initiating a business transformation exercise and ensuring safety of its employees.

I am happy to share with you the consolidated financial results of your Company for the half year ended 30 September 2020. The consolidated results of your Company include the results of its wholly owned subsidiaries viz., Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd.

## Consolidated Performance Highlights of H1 FY21 v/s H1 FY20

- **New loans booked** during H1 FY21 were 5.4 million as against 13.7 million in H1 FY20. Nationwide lockdown for most of Q1 FY21, gradual unlocking during Q2 FY21 and cautious approach to risk has affected the Company's business in H1 FY21.
- **Assets under management** grew by 1% to ₹ 137,090 crore as of 30 September 2020 from ₹ 135,533 crore as of 30 September 2019.
- **Net interest income** for H1 FY21 was up by 8% to ₹ 8,317 crore from ₹ 7,694 crore in H1 FY20. As a measure of prudence, the Company has reversed capitalised interest of ₹ 361 crore in H1 FY21.
- **Total operating expenses to net interest income** for H1 FY21 was 27.8% as against 34.8% in H1 FY20. The Company initiated various measures to reduce operating expenses from April 2020 which resulted in total operating expenses for H1 FY21 reducing by 13% to ₹ 2,316 crore from ₹ 2,675 crore in H1 FY20.
- **Loan losses and provisions** for H1 FY21 were ₹ 3,386 crore as against ₹ 1,145 crore in H1 FY20. Consequent to the ongoing pandemic, the Company has significantly increased its provisions on stage 1 and 2 assets by ₹ 2,800 crore in H1 FY21 to ₹ 5,099 crore as of 30 September 2020 from ₹ 2,299 crore as of 31 March 2020.
- **Profit before tax** for H1 FY21 was ₹ 2,615 crore after accounting for additional loan losses and provisions on stage 1 and 2 assets amounting to ₹ 2,800 crore, cost of additional liquidity in H1 FY21 over H1 FY20 of ₹ 313 crore and reversal of capitalised interest of ₹ 361 crore. The Company has strong pre-provisioning profitability to manage elevated loan losses and provisions due to COVID-19.
- **Profit after tax** for H1 FY21 was ₹ 1,927 crore as against ₹ 2,702 crore in H1 FY20.
- **Gross NPA and Net NPA**, as of 30 September 2020 stood at 1.03% and 0.37% respectively, as against 1.61% and 0.65% as of 30 September 2019. The provisioning coverage ratio as of 30 September 2020 was 64%. Gross NPA and Net NPA without giving effect to Hon'ble Supreme Court's interim order of not classifying customers as NPA after 31 August 2020 would have been 1.34% and 0.56% respectively.

Provisioning coverage on stage 1 and 2 assets was 369 bps as of 30 September 2020 as against 90-100 bps during pre-pandemic situation.

- **Capital adequacy ratio** (including Tier II capital) as of 30 September 2020 stood at 26.64%. The Tier I capital stood at 23.01%. The Company is amongst the best capitalised NBFCs in India.

### A synopsis of performance of subsidiaries is given below:

#### Bajaj Housing Finance Ltd. (BHFL)

- **Assets under management** grew by 30% to ₹ 33,463 crore as of 30 September 2020 from ₹ 25,714 crore as of 30 September 2019.
- **Net interest income** for H1 FY21 grew by 6% to ₹ 491 crore as against ₹ 462 crore in H1 FY20. As a measure of prudence, BHFL has reversed capitalised interest of ₹ 21 crore in H1 FY21.

- **Profit after tax** for H1 FY21 was ₹ 175 crore as against ₹ 200 crore in H1 FY20.
- **Capital adequacy ratio** (including Tier II capital) as of 30 September 2020 stood at 25.97%.

### **Bajaj Financial Securities Ltd. (BFinsec)**

- **Total income** for H1 FY21 was ₹ 11 crore.
- **Profit after tax** for H1 FY21 was ₹ 0.24 crore. BFinsec made a net profit of ₹ 2.07 crore in Q2 FY21.

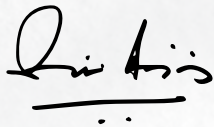
### **During the period, the Company undertook the following initiatives:**

- Grew customer franchise by 14% to 44.1 million as of 30 September 2020 from 38.7 million as of 30 September 2019.
- Expanded geographic reach in India from 1,997 locations as of 30 September 2019 to 2,641 locations as of 30 September 2020.
- Expanded the EMI Network from almost 94,000 stores as of 30 September 2019 to more than 104,000 stores as of 30 September 2020.
- Grew deposits book by 23% to ₹ 21,669 crore as of 30 September 2020 – contributing to 22% of BFL’s standalone borrowings book.
- Existing Member Identification (EMI) card franchise stood at 20.6 million cards in force (CIF) as of 30 September 2020.
- The Company has nearly 1.9 million co-brand credit cards in partnership with RBL Bank as of 30 September 2020.
- The Company continued to expand user adoption of its Bajaj Finserv Mobikwik wallet to increase engagement with customers and repeat purchase rate. It has 16.8 million active wallet users as of 30 September 2020, with their EMI card linked to the wallet.
- The Company has the highest credit rating of AAA/Stable from CRISIL, ICRA, CARE and India Ratings for its long-term debt programme and A1+ from CRISIL, ICRA and India Ratings for its short-term debt programme. The Company’s deposit programme is also rated the highest with credit rating of FAAA/Stable from CRISIL and MAAA (Stable) from ICRA.
- The Company has long-term issuer credit rating of ‘BB+/Stable’ and a short-term issuer credit rating of ‘B’ by S&P Global Ratings for its external commercial borrowing (ECB) programme.
- The Company prudently manages its ALM with a strategy of raising long-term borrowings and maintaining a judicious mix of borrowings between banks, bond markets, ECB and deposits. The Company has a healthy liquidity position with liquidity surplus of ₹ 22,414 crore as of 30 September 2020 as against ₹ 8,107 crore as of 30 September 2019.

Summary of consolidated financial results is given in **Annexure A**.

The Company remains focused on profitability over growth. It has identified three key priorities for the second half viz., controlling credit cost, preparing 'back to growth' business plans and completing its business transformation exercise while continuing to maintain strong capital adequacy ratio as well as healthy liquidity. With signs of normalcy being evident across many sectors, your Company will be seeking to grow in the second half of this year and enter FY22 with a positive outlook.

On this optimistic note, I would like to thank you for your continued support, and I wish you and your family a very happy Diwali and a prosperous New Year. Stay safe.

A handwritten signature in black ink, appearing to read "Sanjiv Bajaj", written over a horizontal line. There are two small dots below the line.

Sanjiv Bajaj

Chairman

21 October 2020

## Annexure A

### Highlights of the consolidated financial results for H1 FY21

(₹ In Crore)

Particulars	H1 FY21	H1 FY20	Growth HoH %	FY20
New loans booked (nos. in million)	5.37	13.74	(61)%	27.44
Assets under management	137,090	135,533	1%	147,153
Receivables under financing activity	131,765	130,790	1%	141,376
Interest income	11,556	10,564	9%	22,970
Fees, commission and other income	1,212	1,348	(10)%	2,879
Net gain on fair value changes on investments	405	219	85%	537
<b>Total income</b>	<b>13,173</b>	<b>12,131</b>	<b>9%</b>	<b>26,386</b>
Interest expenses	4,856	4,437	9%	9,473
<b>Net interest income</b>	<b>8,317</b>	<b>7,694</b>	<b>8%</b>	<b>16,913</b>
Operating expenses	2,316	2,675	(13)%	5,662
Loan losses and provisions	3,386	1,145	196%	3,929
- on stage 1 and 2	2,800	258	985%	1,318
- on stage 3 and write off	586	887	(34)%	2,611
<b>Profit before tax</b>	<b>2,615</b>	<b>3,874</b>	<b>(32)%</b>	<b>7,322</b>
<b>Profit after tax</b>	<b>1,927</b>	<b>2,702</b>	<b>(29)%</b>	<b>5,264</b>
Earnings per share (face value ₹ 2):				
Basic (₹)	32.10	46.79		89.77
Diluted (₹)	31.92	46.43		89.07

### Bajaj Finance Limited

CIN: L65910MH1987PLC042961

Registered Office: Akurdi, Pune 411 035

Corporate Office: 4th Floor, Bajaj Finserv Corporate Office,  
Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411 014

Email: investor.service@bajajfinserv.in

Website: www.bajajfinserv.in/corporate-bajaj-finance

Tel No.: (020) 7157 6403 Fax No.: (020) 7157 6364